

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 PM-07 NSC-10 SPC-03 SS-20 RSC-01 L-03

AID-20 EB-11 OMB-01 TRSE-00 MC-02 CIAE-00 INR-10

NSAE-00 DRC-01 /104 W

----- 099891

R 120940Z NOV 73

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 9606

INFO CINCPAC

SECDEF WASHDC

S E C R E T SINGAPORE 4353

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: MARR, SN

SUBJECT: DIRECTED PROCUREMENT FOR LASS

REF: A) STATE 209909 B) SINGAPORE 3942

1. DURING CALL ON PM LEE NOVEMBER 10, I RAISED SUBJECT OF FUTURE OF LOCKHEED A R SERVICES OPERATIONS IN SINGAPORE (LASS). I POINTED OUT THAT WITH GREATLY REDUCED NUMBER OF AIRCRAFT IN US INVENTORY IN REGION AND THE SEVERE BUDGET STINGENCY UNDER WHICH US FORCES ARE OPERATING, IT DID NOT APPEAR WE COULD CONTINUE DIRECTING

PROCUREMENT INTO LASS BEYOND THE CURRENT YEAR. I POINTED OUT THAT WORK IN PROGRESS WOULD CARRY LASS THROUGH MOST OF CY-1974 AT A FAIRLY HIGH LEVEL. I STRESSED THAT OUR TERMINATION OF DIRECTED PROCUREMENT WOULD NOT JEOPARDIZE

THE A-4 PROGRAM. I ASKED FOR THE PM'S REACTION.

2. LEE SAID THAT CONTINUED USG SUPPORT OF LASS WAS FOR US TO DECIDE ON STRATEGIC GROUNDS. HE NOTED DISCUSSION LEADING
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TO THE ESTABLISHMENT OF LASS BEGAN IN 1968 AND IT HAD TAKEN

FIVE YEARS TO GET IT TO THE PRESENT STAGE OF DEVELOPMENT. IT WOULD BE A SERIOUS MISTAKE, HE SAID, IF WE WERE TO LET LASS GO OUT OF BUSINESS IF THERE IS ANY POSSIBILITY THAT WE MIGHT NEED SUCH A FACILITY IN SINGAPORE IN THE FUTURE. HE SAID IT WOULD NOT BE NECESSARY TO KEEP LASS GOING AT ITS PRESENT LEVEL OF ACTIVITY, BUT IT WOULD BE NECESSARY TO KEEP THE WORK TEVTH#OH#ENOUGH TO JUSTIFY MAINTENANCE OF THE FACILITIES AND A NUCLEUS OF SKILLS AND MANAGERIAL COMPETENCE. THE A-4 PROGRAM, HE SAID, WOULD NOT BE ENOUGH TO ACCOMPLISH THIS. HE SAID HE WAS NOT SUFFICIENTLY INFORMED TO ESTIMATE THE VOLUME OF WORK WHICH WOULD BE REQUIRED, BUT IT WOULD BE MUCH LESS THAN AT PRESENT.

3. COMMENT: IT IS CLEAR THAT LEE THINKS THAT, FOR CONTINGENCY PURPOSES, THE USG SHOULD HELP MAINTAIN LASS AT A LEVEL THAT WOULD JUSTIFY THE MAINTENANCE OF AT LEAST A SKELTON LOCKHEED STAFF AND SKILLED WORKFORCE, BUT HE MADE IT CLEAR THAT THIS IS A USG DECISION. AT NO TIME DID HE RAISE ANY POLITICAL OBJECTION TO DISCONTINUANCE

OF DIRECTED PROCUREMENT OR ARGUE THAT THERE WAS AN IMPLICIT USG COMMITMENT TO KEEP LASS GOING. AS EMBASSY STATED IN REF B, WE THINK THE STRATEGIC ARGUMENT IS RATHER WEAK

AND WE ARE NOT ABLE TO RECOMMEND CONTINUATION OF USG SUPPORT ON THOSE GROUNDS. PERHAPS CINCPAC OR OTHERS HAVE CONTRARY VIEWS.

4. I REVIEWED MATTER AGAIN NOVEMBER 12 WITH DEFENSE

MINISTER GOH. ALTHOUGH HE SAW SOME BENEFIT IN MAINTAINING DIRECTED PROCUREMENT FOR LOCKHEED, HE WAS CONCERNED

OVER ITS CONTINUED HIGH COST OF OPERATION AND CLEARLY UNDERSTOOD REASONS WHY USG WOULD HAVE TO DISCONTINUE SUBSIDIZING IT. IN CONCLUSION, HE COMMENTED THAT THERE WAS LITTLE JUSTIFICATION FOR CONTINUING SUPPORT FOR NON-COMPETITIVE OPERATIONS.
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NOTE BY OC/T: PARA 2 LINE 10 #AS RECEIVED, WILL BE SERVICED UPON REQUEST

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NNN

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